



— State of —
North Dakota
Office of the Governor

John Hoeven
Governor

May 10, 2002

Mathew Rose
President and Chief Executive Officer
Burlington Northern Santa Fe Railway
2650 Lou Menk Drive
Fort Worth, TX 76161-0057

Mr. Rose:

As governors of states with prominent agriculture industries, we urge the Burlington Northern Santa Fe Railway to find an equitable solution to its preferential grain shipping rates policy.

We recognize the importance of an efficient and vital rail shipping system; however, we believe that in some corridors BNSF is using its market dominance to charge excessive rates to captive shippers and to provide advantageous preferential rates to a handful of large-scale shippers. BNSF is also using its market power to impact grain markets by offering a discounted inverse rate for shippers that move grain greater distances. We request that your company immediately evaluate the negative consequences of selective grain shipping rates and commit to adjusting them.

Our states are not opposed to shuttle shipment of agriculture products; however, we ask that the rate spreads be consistent and equitable. Your current business practices have the potential to negatively impact grain markets and rural communities as smaller elevators struggle to compete. These practices also shift the burden of shipping the bulky commodities to the states' highway infrastructure, which contributes to road deterioration and distorts longstanding traditional grain movement patterns.

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We ask BNSF to administer its pricing methods in a way that is fair to all of our railroad customers and grain elevators. In the absence of reasonable rate adjustments, we will have no other recourse but to look for alternatives that will provide equitable resolution of this issue, including support of federal regulatory intervention.

Signed,


John Hoeven
Governor of North Dakota


Judy Martz
Governor of Montana


William J. Janklow
Governor of South Dakota


Mike Johanns
Governor of Nebraska


Jim Geringer
Governor of Wyoming